

**MINUTES OF THE
CHARITABLE GAMING BOARD
MEETING
DISCOVERY ROOM, SCIENCE MUSEUM OF VIRGINIA
RICHMOND, VIRGINIA
December 2, 2003**

Call to Order

Ruth Modlin Ellett, Chair, called the meeting to order at 10:00 a.m. The following Members were present comprising a quorum.

Present: Carroll L. Bridgeforth, Ruth M. Ellett, Donald R. Fields, Tony Landis, Thomas J. Lehner, Richard I. Miller, and Michael Sheffield.

Absent: Emmitt H. Carlton and John C. Goolrick.

Approval of Minutes

Chair Ruth Modlin Ellett asked the Members for a motion to approve the Minutes from the September 9, 2003 meeting. A motion was made and seconded and the Minutes were unanimously approved.

Report of the Regional Training Sessions

Michael F. Capen, Inspection and Training Manager, presented a review of the attendance at the four regional training sessions recently held by the Department. The Board Members were given copies of Mr. Capen's Powerpoint presentation. There were 268 attendees at the four sessions held in Virginia Beach, Bristol, Fredericksburg and Martinsville between October 20 and November 4, 2003. Permitted organizations in each region hosted the meetings. On-line registration for the training sessions is increasing – 22% of registrants used this method for these sessions. Mr. Capen stated that the agency will select different locations around the state so organizations will have less travel time to attend a training session.

Game Management and Financial Reporting were the topics of these sessions. Samples of the game management forms were used during the game management session to illustrate all of the record keeping needed from signing in the workers to the session reconciliation. Each organization was given a CD Rom containing all the agency's financial reporting forms and instructions for completing these forms.

In addition to these training sessions, the Department staff has also trained 16 new bingo organizations and provided refresher training to 14 organizations.

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Mr. Capen informed the Board that planning for the spring training sessions is underway. The staff is considering limiting the number of attendees at each location to about 50 so the audience will not be too large for more personal, hands-on training. The staff is also looking at new locations for sessions to be held during the time frame of March through May.

Review of Public Input from Open Forums

Director Clyde Cristman briefly reviewed the Summary document that had been sent to the Board Members of the comments from the four Open Forums. In conjunction with each of the four training sessions the staff took advantage of the fact many organization were represented at each session to hold an informal Open Forum either before or after the training to discuss issues relating to the revision of the Charitable Gaming Rules and Regulations. Three of the Board Members attended one of the forums. Statewide there were 40 attendees, representing 33 organizations. The staff summarized the major comments into a matrix for the Board Members to have as a resource document to refer to as they start to move forward in the regulation revision process.

Mr. Cristman stated that in the future when additional forums are announced a clearer focus to specific topics will be discussed at each meeting.

Chair Ellett thanked the Board members that were able to attend some of the open forums and asked for any comments.

Board Member Richard Miller commented that many issues on the matrix were indicated as just being discussed at one location while if that issue had been brought up at other locations, it might also be an important concern. Director Cristman responded that the matrix is just a compilation of the issues brought up at each location and an issue not being mentioned at other locations does not necessarily mean it is not an important issue.

Analysis of Use of Proceeds as Reported by FY 2002 Annual Financial Reports

Director Cristman presented an analysis of a study conducted by department staff of the Use of Proceeds reported by gaming organizations in FY 2002. Board members received copies of the Powerpoint slides to refer to during the presentation. The conclusions of the study were: over two-thirds of permitted organizations, 90% of fire departments and rescue squads, and 100% of organizations conducting raffle-only gaming met the required use of proceeds, which totaled to \$42,800.00; nearly one-third of permitted organizations failed to make the required minimum use of proceeds in FY 2002; nearly one-half of those organizations playing in rented facilities failed to make the minimum required use of proceeds; the current regulations require that an organization's permit be suspended or revoked if they fail to meet use of proceeds; the former Charitable Gaming Commission did not suspended or revoked any permits solely for failure to meet use of proceeds in the past three years, in part due to the disparity created by §18.2-340.20.D., Code of Virginia.; and the Department will need to address this issue in early 2004 as FY 2003 annual financial reports are being reviewed.

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Board Member Richard Miller expressed concerns about the many factors such as prize money that create inequities that organizations deal with in being able to meet the minimum required use of proceeds. He stated that the Board should address these issues to help remove some of the inequities and help level the playing field.

In response to Mr. Miller's concerns, Director Cristman reminded the Board that it was too late in the legislative process this year for the Board or Department to recommend legislation regarding use of proceeds. He suggested as the Board members move forward in crafting new regulations, with a goal of January 2006, they need to look at issues in the statute that need to be adjusted that effect the regulations. He also stated the Board may wish to recommend a legislative package to the 2005 General Assembly to help to resolve some of the use of proceeds issues.

Mr. Miller expressed further concern that the current moratorium on penalizing organizations that play in rental facilities that do not meet the minimum use of proceeds requirement per is due to expire in December 2004 which may cause further issues because the revised regulations will not be in place until January 2006.

In an effort to address Board Member Thomas Lehner questions regarding the reasoning behind the legislation for the current moratorium, Director Cristman asked Peter Chiusano, the attorney representing the Virginia Bingo Group, to give some background information on the original legislation for the benefit of the new Board members.

Mr. Chiusano explained the reasoning behind the moratorium legislation. He further stated that there were issues with the use of proceeds requirement amounts and while the Board is working on the revision of the regulations, the Virginia Bingo Group has crafted a proposed amendment to the statute which corresponds with the time concerns expressed earlier. Mr. Chiusano distributed a copy of the proposed legislation to the Board. The proposed legislation will extend the moratorium until the Board adopts the revised gaming regulations. In the interim, the legislation does allow the Department to revoke permits if there is fraud or theft. The legislations states that a permit cannot be revoked solely for the violation of use of proceeds requirement.

Mr. Chiusano, on behalf of the Virginia Bingo Group, asked for the support of the Board and Department following review of the proposed legislation. Chair Ellett indicated that the Board could not take an official position until the Governor's Office reviewed the proposed legislation.

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Report to Governor and General Assembly

Board Members had been sent a draft copy of the Report of the Charitable Gaming Board to the Governor and the General Assembly for review and discussion. Director Cristman briefly reviewed the report.

Chair Ellett asked for a motion to adopt the report with the editorial changes that Director Cristman had discussed. A motion was made to adopt the report, seconded and with no further discussion, the Report to the Governor and the General Assembly was unanimously adopted with the changes that had been discussed.

2002 Charitable Gaming in North America Annual Report

Director Cristman distributed a copy of the National Association of Fundraising Ticket Manufacturers 2002 Annual Report of Charitable Gaming in North America. He reviewed the highlights of the report.

FY 2003 Financial Report

Director Cristman discussed the FY 2003 Financial Reports from the Auditor of Public Accounts and the Appropriations Act. Copies of this information was distributed to the Board members.

Other Business

Chair Ellett asked if there was any other business to bring before the Board. There was none.

Adjournment

There being no further business, the meeting adjourned at 12:00 p.m.

Submitted by:

Frances C. Jones
Recorder

Clyde E. Cristman
Director

CEC/fcj
12/23/03